

Chris Austin

From: Dan Levine <Dan.Levine@self-help.org>
Sent: Sunday, October 6, 2019 3:10 PM
To: Chris Austin; Scott Farmer
Cc: Brika Eklund; Tucker Bartlett; Aspen Romeyn; Catherine Miller; Joel Horne; Tom Allin
Subject: Comments on Draft QAP

Chris and Scott,

I hope this message finds you both well. I am writing to share Self-Help's comments on the latest version of the draft 2020 QAP. We recognize the difficult job NCHFA faces in administering a fair and equitable LIHTC program, and appreciate the opportunity to provide input. We are pleased with the changes NCHFA has proposed to date, including removing what seemed like an unnecessary cap on nonprofit-sponsored projects and prioritizing (via tiebreaker) geographies that have been under served by LIHTCs. In addition to sticking with the proposed changes, we would appreciate NCHFA's consideration of the following comments:

- Increasing the Charts A and B per unit cost limits by \$2K is a step in the right direction, but does not go far enough given the dramatic increase in construction costs over the past few years and the likelihood of additional cost escalation going forward. NCHFA should consider using an index to annually adjust cost limits, and for 2020 should set a cost limit of at least \$83K for Chart A and \$94K for Chart B. Further increases in the cap would be warranted if the Agency adopts even more rigorous energy efficiency/green building standards as suggested in multiple public comments.
- Set a different cost per unit cap for Metro areas, which generally have higher construction costs for regulatory and market reasons, regardless of whether a project is Chart B eligible.
- Design and GC fee limits are artificially low, and contingency limits are overly restrictive (for the latter, 10% would be more reasonable and would help avoid post-award budget problems).
- For site scoring, the 1 mile radius for Primary Amenities is too restrictive in general, and especially for sites with good transit access and for urban sites given the dearth of full-service grocers in urban areas. Sites with key amenities at 1.5 miles should receive the highest level of points. Also, it seems that site selection will be more difficult with each passing year as prime sites are developed, so 1.5 miles strikes a better balance.
- In future years, we hope that NCHFA will consider more substantial changes to the scoring system that further differentiate projects, starting at the site scoring stage, while allowing for urban sites to better compete with suburban greenfield, garden style apartments even if the site score is not perfect. Having a 100-plus point scale that has decisions regularly made by tie-breakers suggests a scoring system in need of re-thinking, although we recognize the need to try and avoid too many subjective criteria.
- Automatic reductions to the standard parking ratios should be available for urban sites and sites with frequent transit, as well as for developments with a unit mix emphasizing smaller bedroom counts. Current parking standards are overly restrictive, especially for family projects in transit-friendly communities.
- Allow applicants to submit 4% projects even if they have been disqualified for a year due to not placing a 9% project in service on time, provided the missed placed in service date can be explained by weather or other reasonable design and construction delays.

Thanks for your attention.

Best regards,

Dan Levine

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